A&W Revenue Royalties Income Fund

2003

ANNUAL REPORT

Building Trust

ABOUT THE A&W REVENUE ROYALTIES INCOME FUND

The A&W Revenue Royalties Income Fund owns the A&W trade-marks, which include some of the strongest brand names in the Canadian foodservice industry. It licences these trade-marks to A&W Food Services of Canada Inc. in exchange for a royalty of 3% of the gross sales of 604 A&W restaurants across Canada.

This structure makes the A&W Revenue Royalties Income Fund a "top-line" fund because income is based solely on the gross sales of A&W restaurants, minus the Fund's minimal operating expenses. As a result, the Fund is not subject to the variability of earnings or expenses associated with an operating business.

A&W'S CLIMATE GOALS

Listening – We pay sincere attention and actively listen to each other and our customers. Feelings are real and accepted as facts.

Trust – We believe each other, have confidence in each other and rely on each other as friends.

Self Responsibility – I care for myself by taking responsibility for and being proud of my own growth, my relationship with others and my achievements.

Appreciation – I feel cared for by my friends. They recognize, support and appreciate me.

Teams – Our talent is unleashed through teams focused on developing and achieving shared goals.

Getting Better – We act quickly on what we learn from our customers.

Being Extraordinary – I act courageously, quickly and at times "unreasonably" to create the future. I am committed to being extraordinary.

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"The Fund met its distributions in every month since inception. This is the best evidence that the strength of the underlying A&W business and the structure which underlies the Fund are delivering on the promise of stability in distributions to unitholders."

John R. McLernon, Chairman and CEO
A&W Revenue Royalties Income Fund

Financial Highlights

(dollars in thousands)

	Year ended December 31, 2003	February 15, 2002 (commencement of operations) to December 31, 2002
Same store sales growth	1.8%	-1.4%
Number of restaurants in the royalty pool	604	585
Gross sales reported by the restaurants in the royalty pool	$ 455,971	$ 384,286
Royalty income	$ 13,679	$ 11,529
Net earnings for the period	$ 7,859	$ 7,063

FINANCIAL ACHIEVEMENTS

- From inception in February 2002 through December 2003, the Fund made its projected distributions to unitholders of 9 cents per month.
- A&W's same store sales performance outpaced the Canadian Quick Service Restaurant industry and its major competitor.

OPERATIONAL ACHIEVEMENTS

- Restaurant re-imaging program underway with 131 restaurants re-imaged and a further 46 in progress or signed up.
- New menu boards were installed in substantially all restaurants.
- Three successful menu innovations helped build same stores sales growth.

Fund Chairman's Report to Unitholders

It is with pleasure that we present the 2003 Annual Report for the A&W Revenue Royalties Income Fund. This report is the second one published since the Fund's inception in February 2002.

I am also delighted to report that the A&W restaurants and the Fund enjoyed superior, competitive performance, despite a very difficult year for the Canadian foodservice industry.

The Fund owns the A&W trade-marks and licences A&W Food Services of Canada Inc. to franchise and operate A&W restaurants under those trade-marks. In exchange, the Fund receives a royalty of 3% of the top line sales of the restaurants in the royalty pool. In January 2003, the number of restaurants in the pool increased to 604 to include the new restaurants opened during 2002. In January 2004, the pool was further increased to 620 restaurants to include restaurants opened in 2003.

The Fund was designed to provide a high level of stability in distributions to unitholders, and 2003 provided proof of that stability.

Last year I reported that 2002 had been the most challenging year in over 10 years for the foodservice industry in Canada. Unexpectedly, 2003 proved to be even more challenging. These challenges were profound in both their number and severity. Foodservice operators in all sectors faced the impact of SARS on both dining out and tourism in Canada. A stronger Canadian dollar also dramatically reduced tourism from the United States while forest fires, blackouts and hurricanes all took their toll on foodservice sales in Canada. Canada also experienced its first outbreak of BSE (Bovine Spongiform Encephalopathy). These challenges depressed sales throughout the restaurant industry and many restaurant chains posted same store sales decreases.

Despite these challenges, A&W's same store sales, a key measure of the health of the Fund, grew by 1.8%. This is an industry leading growth rate. In the letter from Jeff Mooney, Chairman and CEO of A&W Food Services and Paul Hollands, President and COO, they will outline more about the key initiatives that fuelled this strong sales growth.

The same store sales increase, coupled with the increase in the size of the royalty pool, led revenues in the Fund to increase to $13,679,000. Meanwhile, a major initiative was launched to reduce the direct expenses of the Fund, thereby increasing cash available for distributions to unitholders. Because the Fund is not an operating business, and has no management or staff, it has very limited expenses. These include interest on long term debt, as well as the administrative expenses associated with a public company. Cost cutting methods are being employed in the Fund's administration to result in more cash available for distributions.

As a result of the strong performance of the restaurants in the royalty pool, coupled with careful cost management as noted, the Fund has met its distributions in every month since inception. And this is despite the two worst consecutive years for the industry in recent memory. This is the best evidence that the strength of the underlying A&W business and the structure which underlies the Fund are delivering on the promise of stability in distributions to unitholders.

My thanks to our unitholders who have placed their trust in the A&W Revenue Royalties Income Fund. Having enjoyed a superb performance in an extremely difficult year, we are confident in our ability to continue to deliver distributions, as promised, in 2004.

John R. McLernon, Chairman and CEO
A&W Revenue Royalties Income Fund

A&W Food Services' Report to Fund Unitholders

Last year we wrote to you about the three pillars on which the success of the A&W business and, in turn, the success of the Fund are built:

1. Strategy and Brand
2. Climate
3. Management

John McLernon reported that the A&W Revenue Royalties Income Fund performed well in 2003, based on the strong underlying performance of the A&W restaurants. A&W outperformed the market and almost all of our largest competitors, in one of the toughest foodservice markets in recent history. Same store sales increased by 1.8%. Total A&W system sales, including the impact of new restaurants, increased by 6.4%. A total of 34 new restaurants were opened in 2003. This fine performance was built on the strength of the three pillars of success.

Strategy and Brand: A&W is a strategy driven company. The centerpiece of our strategy is our Mission "to become the number one choice of the Baby Boomer generation." Throughout 2003, A&W focused on strategic initiatives that moved the business towards our longer term strategic goal while, at the same time, building sales during very difficult market conditions. The Operations Review which follows discusses these in more detail. The highlights include new advertising, the launch of Double Seasoned Chubby Chicken, the launch of our new Allen & Wright Classic Roast Coffee, the limited time introduction of the A&W Steak Burger, the continued "re-imaging" of our restaurants, and the roll-out of a new menu board program. Every one of these initiatives builds on the strength of the A&W brand. Specifically, our new menu innovations build on our reputation for great tasting food. A&W, once again, was rated #1 for "best tasting burgers" in consumer research.

While each of our major initiatives helped enhance A&W's longer term competitiveness as the choice of the Baby Boomer generation, they also immediately attracted more customers to A&W, despite a weak foodservice market, and enabled us to grow market share.

Climate: Creating a powerful organizational Climate is one of the greatest strengths of the A&W business. At the restaurant level, Climate provides us with the opportunity to lower our turnover rate and better deliver great tasting food, and fast friendly service, as expected by our customers. Throughout the rest of the organization, the goals of Climate enable us to harness the full energy, commitment and creativity of all employees, franchisees and even our suppliers. The full list of Climate goals is included in this report. During the past year, I am pleased to report that we have undertaken several innovations to further extend and strengthen the Climate Goal process within the whole A&W organization.

Management: Last year we wrote about the experience and depth of our management team, notably at the senior level. One of the great strengths of the A&W organization is the experience and length of service that runs throughout the entire organization. For example, our Field Operations team – the management group responsible for operating standards and the success of our restaurants – has an average of 22 years of experience. This type of experience is evident in every single part of the organization, including our franchisees. A&W is blessed with an exceptionally experienced group of franchised owners and operators who have, on average, over 10 years of involvement in the A&W business. In many cases our current franchisees are "second generation" in the business, having grown up with the business and taken over from their parents. This depth of management at the "front line" of the business is a distinct competitive advantage. They are committed, experienced and have proven track records at operating highly successful restaurants in a very competitive market.

In summary, while 2003 was a difficult year for the foodservice industry in Canada, A&W demonstrated, once again, that by using our unique Climate process to focus a team of extremely skilled, experienced people on building on the strengths of a great brand, we can achieve unparalled success. And through this, we can continue to earn the trust of you – the unitholders of the Fund. Many thanks for your continued support. We look forward to continuing to earn your support in the coming year.

Jefferson Mooney,
Chairman and CEO
A&W Food Services
of Canada Inc.

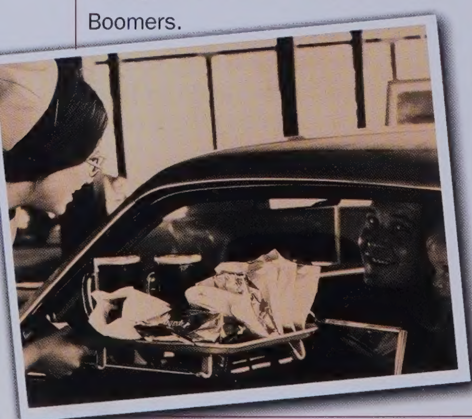
Paul Hollands,
President and COO
A&W Food Services
of Canada Inc.

Building the Boomers Favourite Brand

A&W's Mission: to be the number one choice of the "Baby Boomer" generation.

The history of A&W in Canada is one of a long and enduring relationship with the largest group of customers in the market – the "Baby Boomers". Born between 1947 and 1966, the Boomers' relationship with A&W was founded back in the drive-in days. As Canada's first fast food restaurant chain, A&W was often the Boomers' first restaurant experience; either as a child with their parents, or as a teenager hanging out with their friends in their first car.

This wonderful relationship has endured over four decades, and remains vibrant and strong today. A&W is committed to a bold strategy that will enhance and build on the strength of that relationship in the years to come. And during 2003, excellent progress was made on a number of strategic initiatives that strengthened A&W's appeal to the Boomers.



Restaurants with a modern look and a retro feel

Boomers expect an A&W restaurant to feature all the modern conveniences but also to reflect the history that goes back to A&W's roots as a drive-in chain. Three years ago, A&W embarked on an aggressive program to meet that expectation in all of the restaurants throughout the chain. An innovative design was developed which incorporates strong historical elements in both architecture and décor, but which still offers all the conveniences of a modern, quick service restaurant. Called "re-imaging", this program began roll-out to the system just over two years ago. The results have been excellent.

By December 31, 2003 a total of 131 freestanding restaurants were "re-imaged" with the new look and design. Sales results have been strong in re-imaged freestanding restaurants, with sales improvements in the 6-8% range in the first year following re-imaging. A further 46 freestanding restaurants are signed up for the "re-image" program in the coming year. Over 117 of our mall restaurants have also been "re-imaged". Between older restaurants that have been re-imaged, and new restaurants that have been built in the new design, over 52% of the chain are now sporting this new look. This gives the chain of A&W restaurants one of the most consistent, contemporary and modern looks of any restaurant chain in Canada.

Making A&W available to more Boomers

While Boomers might love A&W restaurants, they are not likely to visit if there isn't one nearby. A key strategic initiative is to make A&W highly available to Boomers across the country. They love A&W for our food and for the wonderful, rich memories that go back to the drive-in days, but they would like us to be more convenient. This means a continued effort of new restaurant expansion is required in all areas of the country.

During 2003, A&W opened a total of 34 new restaurants, a significant increase from the 26 new restaurants opened in 2002.

Of particular note is that 26 of these new restaurants opened in areas of Canada where A&W is currently under-represented: eight were opened in Ontario, 12 in Quebec, and six in Atlantic Canada. Consumer response to the new openings in all three areas has been very positive. These regions will be targeted for rapid growth and new sites will be actively pursued in 2004.

Continuing Evolution of the Menu

A&W's mission "to be the number one choice of the baby boomer generation" led to a number of menu innovations over the past four years. Starting with the return of the Burger Family, and followed by the re-launch of Chubby Chicken, menu innovation has been a cornerstone of attracting more "Boomers".

The first major initiative for 2003 was the launch of "double seasoned" Chubby Chicken pieces just prior to the peak season for take home Chubby Chicken meals. The results were superb. Backed by television advertising and a strong promotional program, Chubby Chicken take home meals grew by over 25% throughout the summer, reaching record sales levels. The Chubby Chicken business continues to offer excellent growth potential to be exploited in coming years.

The second major menu innovation for the year was the launch of new Allen & Wright Classic Roast coffee. Breakfast is a busy period at A&W restaurants, and we have historically enjoyed very strong sales in coffee, especially as compared to other burger chains. In order to keep pace with the fast growing coffee segment, a whole new coffee

Continued overleaf

Continuing Evolution of the Menu. . .

program was developed and launched in September. The foundation of the program is new, richer coffee, featuring 100% Arabica beans. This was backed up by new coffee mugs and cups, new sizing and, finally, a new name. The Allen and Wright name harks back to the original founders of A&W Root Beer and to the passion for excellence and quality that they brought to the whole chain. This commitment to excellence and quality is reflected in the new coffee program.

Finally, in October, A&W seized on a unique opportunity to break new ground in the burger sector with the limited time offering of the A&W Steak Burger, made from 100% steak. This new, premium-priced, premium-quality product was the first of its kind to be offered by a major quick service burger chain in Canada. During its five week run it was a hit with our customers, with sales far exceeding our expectations. Many restaurants still have customers requesting the product today.

Looking forward, menu innovation will continue to be a critical component of the A&W strategy to win more boomers, and a high level of new product activity will occur in 2004.

Advertising – a new approach

An important strategic initiative in 2003 was the launch of a new advertising campaign designed to help reinforce A&W's key points of difference, especially as related to food. Four new T.V. commercials were produced during the year; with the popular Steak Burger commercial being particularly impactful with viewers. In 2004, the advertising strategy will build off the strength of the 2003 T.V. campaign, and extend our advertising to build an even stronger link to A&W's drive-in heritage. The new campaign launched in March and is designed to move A&W's advertising to the next level in terms of winning the hearts of the Baby Boomers.

Moving Forward

During 2003, A&W made strong progress on its strategic initiatives while enjoying industry leading results. In 2004, a continued high level of investment in key programs will enhance A&W's appeal to Baby Boomers to build sales and market share. As Paul Hollands, President and Chief Operating Officer of A&W Food Services says, "we have made remarkable progress in the past four years in building a powerful and rich relationship with Baby Boomers. However, what is so exciting is the opportunity that lies ahead as we grow a deeper and enduring relationship with the Baby Boomers. We are committed to seizing that opportunity."

Management's Discussion and Analysis

The following is a discussion of the consolidated financial position and results of operations of A&W Revenue Royalties Income Fund (the "Fund"). It should be read in conjunction with the audited Consolidated Financial Statements of the Fund which are on pages 12 to 19.

Readers should be aware that 2003 results are not directly comparable to last year due to the fact that the Fund commenced operations on February 15, 2002.

OVERVIEW

The Fund, through its subsidiary A&W Trade Marks Inc. ("Trade Marks"), owns the A&W trade-marks and licences their use by A&W Food Services of Canada Inc. ("Food Services"), which operates the A&W restaurant and soft drink beverages businesses. The trade-marks comprise some of the best-known brand names in the Canadian foodservice industry.

In return for licencing Food Services to use its trade-marks, the Fund (through Trade Marks) receives royalties of 3% of sales from A&W restaurants across Canada in the royalty pool.

The royalty pool is adjusted in January of each year to reflect sales from new restaurants, net of the sales of any A&W restaurants that have closed. The Fund (through Trade Marks) pays Food Services for the additional royalty stream of the sales of the net new restaurants, based upon a formula set out in the licence agreement. The formula, designed to be accretive to unitholders, is based on the amount of sales from the net new restaurants and the yield on the units of the Fund, and provides for a payment to Food Services in the form of common and class B shares of Trade Marks on the basis of 92.5% of that value.

The distributions to unitholders are a function of the top-line revenues of the restaurants in the royalty pool less the Fund's expenses and are thereby isolated from many of the factors that can influence an operating business.

Expenses of the Fund are limited to general and administrative expenses for the administration of the Fund itself, amortization of deferred financing fees, interest expenses on the Fund's term loan, income taxes and, as stipulated by GAAP, Class A and B share dividends.

Food Services owned the equivalent of 28% of the units of the Fund on a fully-diluted basis during 2003, up from 25% in 2002. An important aspect of the Fund is that, provided Food Services holds an indirect interest in the Fund, distributions by the Fund to unitholders are made in priority to distributions to Food Services. Financial statements for Food Services are included as a supplement to this report.

During 2003, the Fund made its projected distributions to unitholders of 9 cents per unit per month ($1.08 per year).

Summary of Operating Results
(dollars in thousands except per unit amounts)

	Year ended December 31, 2003	February 15, 2002 (commencement of of operations) to December 31, 2002
Same store sales growth	1.8%	-1.4%
Number of restaurants in the royalty pool	604	585
Gross sales reported by the restaurants in the royalty pool	$ 455,971	$ 384,286
Royalty income	13,679	11,529
Expenses and taxes (excluding dividends)	2,335	1,846
A&W Trade Marks Inc. share dividends	3,485	2,620
Net earnings for the period	7,859	7,063
Basic and diluted earnings per Unit	$ 0.942	$ 0.847

SAME STORE SALES

The following chart shows the changes in same store sales by A&W restaurants in 2003 versus 2002 compared to those of the industry (QSR) and its competitors in the same periods.

Same Store Sales Growth

	Year ended December 31, 2003	February 15, 2002 (commencement of operations) to December 31, 2002
A&W	1.8%	-1.4%
Major Competitor*	0.0%	-2.5%
Canadian QSR Industry**	0.9%	-5.1%

* As reported by the competitor in print media
** Based on changes in system sales as reported by Statistics Canada, less estimated growth due to new restaurants

After another challenging year for the foodservice industry, A&W's same store sales increased 1.8% against 2002. The effects of the threat of global terrorism, consumer concern over Severe Acute Respiratory Syndrome ("SARS") and

Bovine Spongiform Encephalopathy ("BSE") lingered in the Canadian retail environment. Quick service restaurant sales also suffered as a result of the major power outage in central Canada and forest fires in British Columbia and Alberta. A&W's three pillars of trust – strategic management of the A&W brand, Climate, and experienced leadership – produced results that again outperformed the industry.

EXPANSION OF THE ROYALTY POOL

On January 5, 2003, the number of A&W restaurants for which royalties are paid to the Fund increased by 27 new restaurants less eight restaurants which permanently closed during 2002, bringing the total number of restaurants in the royalty pool to 604 and increasing Food Services' equivalent ownership of the units of the Fund to 28%, up from 25% in 2002. Trade Marks paid Food Services $5,108,000, by issuance of 452,469 Class B and common shares, as consideration for the royalty stream from the 19 net restaurants added to the royalty pool.

On January 5, 2004, the number of A&W restaurants for which royalties are paid to the Fund was increased by 28 new restaurants less 12 restaurants which permanently closed during 2003. Trade Marks paid Food Services $5,134,000, by issuance of 488,476 Class B and common shares, as initial consideration for the estimated royalty stream from the 16 net restaurants added to the royalty pool. A final adjustment to the share consideration will be made in December 2004 based upon the 2004 sales reported by the new restaurants. Twenty percent of the shares are held in escrow until the 2004 sales of the new restaurants are known. After the January 5, 2004 amendment to the royalty pool, Food Services owns the equivalent of 31% of the units of the Fund on a fully-diluted basis.

GROSS SALES REPORTED BY A&W RESTAURANTS

The Fund earned royalty income of $13,679,000 on sales reported by restaurants in the royalty pool of $455,971,000, an increase of 18.7% from $11,529,000 royalty income and $384,286,000 sales during the period February 15 to December 31, 2002. This increase is due to the combined impact of the additional 19 restaurants in the royalty pool, the 1.8% same store sales increase for the year, and the comparative period being a partial year.

Expenses and Taxes
(dollars in thousands)

	Year ended December 31, 2003	February 15, 2002 (commencement of of operations) to December 31, 2002
General and administrative	$ 502	$ 365
Interest on term loan	615	500
Amortization of deferred financing fees	137	120
Taxes	1,081	861
A&W Trade Marks Inc. share dividends	3,485	2,620

Expenses and taxes for 2003 increased $489,000 to $2,335,000 compared to $1,846,000 in 2002. General and administrative expenses increased by $137,000 due to first-time costs associated with the annual report and annual general meeting, and the comparative period being a partial year. Interest expense on the term loan increased by $115,000 and amortization of deferred financing fees increased by $17,000 due to 2002 being a partial year. Taxes increased by $220,000 due to an increase in future income taxes (described in note 7(a) of the financial statements) of $209,000 and an increase in the large corporations capital tax of $11,000 over 2002.

The Government of Canada has announced that the capital tax on large corporations is to be phased out between 2004 and 2008, and limited to capital in excess of $50 million in 2004. This change will reduce capital taxes payable by the Fund in 2004 and subsequent years.

The cumulative dividends on Trade Marks' shares are treated for accounting purposes as interest expense and, as such, are deducted in arriving at net earnings. Dividends increased by $865,000 from $2,620,000 in 2002 to $3,485,000 in 2003. Of the increase, $483,000 is due to Food Services' increased equivalent ownership in the Fund to 28% from 25% and $382,000 is due to the partial year in 2002.

DISTRIBUTIONS TO UNITHOLDERS

Distributions to Unitholders
(dollars in thousands except per unit amounts)

	Year ended December 31, 2003	February 15, 2002 (commencement of of operations) to December 31, 2002
Net earnings for the period	$ 7,859	$ 7,063
Add:		
Amortization of deferred financing fees	137	120
Future income taxes	820	611
A&W Trade Marks Inc. share dividends	3,485	2,620
Distributable cash	$ 12,301	$ 10,414
Distributable cash for Trust Units	$ 9,007	$ 7,860
Distributable cash available for dividends	3,294	2,554
	$ 12,301	$ 10,414
Dividends accrued and undeclared on A&W Trade Marks Inc. shares	$ 808	$ 338
Distributable cash per Trust Unit (8,340,000 Units)	$ 1.080	$ 0.942
Distributions paid per Trust Unit	$ 1.080	$ 0.848
Distributions accrued at year end per Trust Unit	$ 0.090	$ 0.090

Note: Distributable cash is not an earnings measure recognized by generally-accepted accounting principles ("GAAP") and therefore may not be comparable to similar measures presented by other issuers.

Cash available for distribution to unitholders totalled $9,007,000 compared to $7,860,000 in 2002. This increase of $1,147,000 was due to the partial year in 2002. Distributions of $1.08 were declared and paid in 2003, an increase over last year due to the partial year.

DIVIDENDS ON CLASS A AND B SHARES

Dividends payable to Food Services on Class A and B shares of Trade Marks are subordinated to distributions to unitholders. At the end of 2003, subordinated dividends were $257,000.

Subordinated dividends on Class A and B shares
(dollars in thousands)

	Year ended December 31, 2003	February 15, 2002 (commencement of of operations) to December 31, 2002
Dividends accrued and payable	$ 3,485	$ 2,620
Distributable cash available for dividends	(3,294)	(2,554)
Dividend arrears	$ 191	$ 66
Cumulative dividend arrears	$ 257	$ 66

At the end of the second quarter of 2003, the subordinated dividends were $748,000 and were projected to be $595,000 by the end of the year. The major contributors to this level of subordinated dividends were the 1.4% same store sales decrease in 2002 and an increase, over estimate, of Fund administrative expenses for outside services such as legal, accounting and unitholder communications as well as regulatory fees. Aggressive steps were taken to reduce administrative costs as the Fund is committed to getting every penny it can into unitholders' hands. The reduction in administration costs combined with the increase in same store sales reduced the subordinated dividends to $257,000 at year end. The Fund remains committed to having the lowest administrative costs possible in order to maximize cash available for distributions.

At the end of 2003, share dividends accrued but not declared were $808,000. On January 20, 2004, Trade Marks declared a dividend payable to Food Services of $551,000 payable on January 30, 2004. The remaining undeclared dividends are the dividend arrears of $257,000.

TAX TREATMENT OF DISTRIBUTIONS

Of the $1.08 per Trust Unit distributions paid in the year, $1.07255 per Trust Unit is taxable to unitholders as other investment income, $0.005 per Trust Unit is dividend income and $0.00245 per Trust Unit is non-taxable return of capital.

LIQUIDITY AND CAPITAL RESOURCES

The Fund has sufficient cash on hand to meet distribution obligations. Under the terms of the Licence and Royalty Agreement, Food Services pays the royalty to the Fund (through Trade Marks) 30 days after the end of the four-week period for which the royalty is determined. Since the royalty is paid by Food Services over 13 four-week periods in a fiscal year, while distributions to unitholders are made monthly, Trade Marks' cash flow fluctuates throughout the year. To meet Trade Marks' cash flow needs during any period of shortfall, Trade Marks has a demand operating facility of up to $2,000,000 to fund the working capital requirements. The facility bears interest at bank prime rate plus .5%.

The Fund does not have any capital expenditures; its operating and administrative expenses are fairly stable and predictable and are considered to be in the ordinary course of business.

SEASONALITY OF CASH AVAILABLE FOR DISTRIBUTION

Sales in the QSR industry fluctuate seasonally in freestanding restaurants due to the impact of weather. In shopping centers, where A&W has approximately 250 of its restaurants, seasonality (e.g. Christmas, back to school) impacts sales as well. Although the royalty paid to the Fund (through Trade Marks) may vary through the year due to seasonal fluctuations, distributions to unitholders are made on a monthly basis and are levelled out in order to provide unitholders with uniform monthly distributions.

CRITICAL ACCOUNTING ESTIMATES

There are no critical accounting estimates that, if changed, would materially affect the Fund's overall financial condition or results of operations.

RISKS AND UNCERTAINTIES

The performance of the Fund is dependent upon the royalty that Trade Marks receives from Food Services. The amount of the royalty is dependent upon the sales of the A&W restaurants in the royalty pool. Sales are subject to a number of factors that affect the restaurant industry generally and the quick service segment of this industry in particular, including the highly competitive nature of the industry, traffic patterns, demographic considerations and the type, number and proximity of competing quick service restaurants. In addition, factors such as the availability of experienced management and hourly employees may also adversely affect the sales of the quick service restaurant industry in general and the sales by A&W restaurants in particular.

Food Services competes with other companies, including other well-capitalized franchisors with extensive financial, technological, marketing and personnel resources and high brand name recognition and awareness. There can be no assurance that Food Services will be able to respond to various competitive factors affecting the franchise operations of Food Services in the quick service restaurant industry.

Any significant event that adversely affects consumption of hamburgers, fries and soft drinks, such as cost, changing tastes or health concerns, could adversely impact the sales of A&W restaurants and consequently, the amount of the royalty payable to Trade Marks.

The growth of the royalty is dependent upon the ability of Food Services to (i) grow same store sales, (ii) maintain and grow the current system of franchises, (iii) locate new retail sites in prime locations and (iv) obtain qualified operators to become A&W franchisees. Food Services faces competition for retail locations and franchisees from its competitors and from franchisors of other businesses. Food Services' inability to successfully obtain qualified franchisees could adversely affect its business development. The opening and success of franchised restaurants is dependent on a number of factors, including availability of suitable sites, negotiations of acceptable lease or purchase terms for new locations, permits and government regulatory compliance, and the ability to meet construction schedules. A&W franchisees may not have all these business abilities or access to financial resources necessary to open an A&W restaurant or to successfully develop or operate an A&W restaurant in their franchise areas in a manner consistent with Food Services' standards.

Food Services and A&W franchisees may be the subject of complaints or litigation from guests alleging food-related illnesses, injuries suffered on the premises or other food quality, health or operational concerns. Adverse publicity resulting from such allegations may materially affect the sales of A&W restaurants, regardless of whether such allegations are true or whether Food Services or an A&W franchisee is ultimately held liable.

OUTLOOK

The Canadian economy is generally forecast to be stronger in 2004 than it was in 2003. Food Services projects that A&W's three pillars of trust – strategic management of the A&W brand, Climate, and experienced leadership – will continue to produce system sales results which outpace the Quick Service Restaurant industry.

In 2004, Food Services will continue to focus on a number of strategic initiatives aimed at accelerating progress toward its Mission to "become the number one choice of the baby boomer generation".

Restaurant Re-imaging

A&W is currently in the midst of a major restaurant re-imaging program. The re-imaging program incorporates a number of A&W design features which research has shown evoke fond memories in baby boomer customers. Re-imaged restaurants in a control group of test restaurants delivered sales improvements in excess of 5%. One hundred and thirty-one freestanding restaurants have now been re-imaged with new colours, graphics and signage and 46 are in progress or signed up to complete the program. A further 50 are anticipated to be completed in 2004.

New Menu Boards

During 2003, A&W restaurants were refitted with new menu boards. The new boards improve product merchandising and have delivered a 2% increase in the average cheque in a control group of test restaurants. These new menu boards were installed in substantially all restaurants in 2003, and the remainder will be completed in 2004.

Climate Goal Program Extension

A&W's Climate Goal program is a successful workplace initiative that has reduced employee turnover and increased commitment to outstanding food and service. In 2003, A&W continued to extend and strengthen the Climate Goal program in A&W restaurants and this will be further extended in 2004.

Ongoing Menu Innovation

A&W has invested significantly in ongoing menu innovation and development. This will continue in 2004 as A&W implements further new menu innovation to appeal to its baby boomer customer base.

In 2004, Food Services will continue its strategic focus on baby boomers and, in addition to completing the roll out of the new menu boards and continuing the restaurant re-imaging program, the company will undertake work on several new initiatives related to this strategy, including:

- Building on the strength of last year's advertising campaign to strengthen A&W's bond with baby boomers.
- Continued implementation of ongoing sales promotion and marketing programs to build trial and repeat business.

The annual report of the Fund and this Management Discussion and Analysis contain forward-looking statements based on assumptions that management considered reasonable at the time they were prepared. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. Some of the factors that could cause results or events to differ from current expectations include, but are not limited to, the risk factors described previously.

MANAGEMENT'S STATEMENT OF RESPONSIBILITIES

The accompanying consolidated financial statements are the responsibility of management and have been reviewed and approved by the Board of Directors and the Trustees. The consolidated financial statements have been prepared by management, in accordance with Canadian generally accepted accounting principles and, where appropriate, reflect management's best estimates and judgements. Management has also prepared financial and all other information in the annual report and has ensured that this information is consistent with the consolidated financial statements.

The Fund maintains appropriate systems of internal control, policies and procedures, which provide management with reasonable assurance that assets are safeguarded and the financial records are reliable and form a proper basis for preparation of financial statements.

The Board of Directors and the Trustees ensure that management fulfills its responsibilities for financial reporting and internal control through an Audit Committee. This committee reviews the consolidated financial statements and reports to the Trustees. The auditors have full and direct access to the Audit Committee.

The consolidated financial statements have been independently audited by PricewaterhouseCoopers LLP, in accordance with Canadian generally accepted auditing standards. Their report below expresses their opinion on the consolidated financial statements of the Fund.

Jefferson Mooney
Director

AUDITORS' REPORT

To the Unitholders of
A&W Revenue Royalties Income Fund

We have audited the consolidated balance sheets of **A&W Revenue Royalties Income Fund** (the Fund) as at December 31, 2003 and 2002 and the consolidated statements of earnings, unitholders' equity and cash flows for the year ended December 31, 2003 and the period from February 15, 2002 (commencement of operations) to December 31, 2002. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2003 and 2002 and the results of its operations and its cash flows for the year ended December 31, 2003 and the period from February 15, 2002 (commencement of operations) to December 31, 2002 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
Vancouver, British Columbia
January 20, 2004

Consolidated Balance Sheets

(in thousands of dollars)

	As at December 31, 2003	As at December 31, 2002
ASSETS		
Current assets		
Cash	$ 534	$ 490
Accounts receivable (note 11)	1,296	1,266
Prepaid interest	26	25
	1,856	1,781
Intangible assets (note 3)	125,864	120,756
Deferred financing fees	155	292
	$ 127,875	$ 122,829
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 218	$ 474
Corporate taxes payable	11	250
Distribution payable to Unitholders (note 4)	751	751
Dividends payable	291	—
	1,271	1,475
Term loan (note 6)	10,000	10,000
Future income taxes (note 7(b))	7,684	6,864
A&W Trade Marks Inc. shares (note 8)	33,716	28,138
	52,671	46,477
Unitholders' Equity	75,204	76,352
	$ 127,875	$ 122,829

Subsequent events (note 12)

Approved by the Trustees

John R. McLernon

Conrad A. Pinette

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Unitholders' Equity

(in thousands of dollars)

	Year ended December 31, 2003	For the period from February 15, 2002 (commencement of operations) to December 31, 2002
Balance – beginning of period	$ 76,352	$ —
Issue of Trust Units (note 9)	—	77,115
Net earnings for the period	7,859	7,063
Distributions declared and accrued (note 4)	(9,007)	(7,826)
Balance – end of period	$ 75,204	$ 76,352

Consolidated Statements of Earnings

(in thousands of dollars except per unit amounts)

	Year ended December 31, 2003	For the period from February 15, 2002 (commencement of operations) to December 31, 2002
Gross sales reported by A&W restaurants in the royalty pool	$ 455,971	$ 384,286
Royalty income (notes 3 and 11)	$ 13,679	$ 11,529
Expenses		
General and administrative	502	365
Amortization of deferred financing fees	137	120
Interest expense		
Term loan	615	500
A&W Trade Marks Inc. share dividends (note 8)	3,485	2,620
	4,739	3,605
Earnings before income taxes	8,940	7,924
Provision for income taxes (note 7(a))		
Large corporations tax	261	250
Future income taxes	820	611
	1,081	861
Net earnings for the period	$ 7,859	$ 7,063
Basic and diluted earnings per Trust Unit (8,340,000 Units)	$ 0.942	$ 0.847

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

(in thousands of dollars)

	Year ended December 31, 2003	For the period from February 15, 2002 (commencement of operations) to December 31, 2002
Cash flows from operating activities		
Net earnings for the period	$ 7,859	$ 7,063
Items not affecting cash		
Amortization of deferred financing fees	137	120
Provision for future income taxes	820	611
Change in accrued dividends (note 8)	470	338
	9,286	8,132
Net changes in non-cash working capital	(235)	(567)
	9,051	7,565
Cash flows from investing activities		
Acquisition (note 3)	—	(84,876)
Cash flows from financing activities		
Distributions paid to Unitholders (note 4)	(9,007)	(7,075)
Issuance of Trust Units (note 9)	—	83,400
Cost of issuance (note 9)	—	(8,112)
Term loan (note 6)	—	10,000
Financing fees	—	(412)
	(9,007)	77,801
Increase in cash for the period	44	490
Cash - Beginning of period	490	—
Cash – End of period	$ 534	$ 490
Supplementary cash flow information		
Non-cash financing activities		
Issuance of A&W Trade Marks Inc. Class A and B shares	$ 5,108	$ 27,800
Interest paid	$ 641	$ 525
Dividends paid	$ 2,724	$ 2,282

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2003 and 2002

(All figures in tables expressed in thousands of dollars, except per unit amounts)

1. Organization and nature of business

A&W Revenue Royalties Income Fund (the Fund) is a limited purpose trust established with an unlimited number of Trust Units (Units) under the laws of the Province of British Columbia pursuant to the Declaration of Trust on December 18, 2001. The Fund was established to invest in A&W Trade Marks Inc. (the Company), which owns the A&W trade-marks used in the A&W quick service restaurant business in Canada. Income tax obligations related to the distributions by the Fund are obligations of the Unitholders.

The business of the Company is the ownership of the A&W trade-marks and through the Licence and Royalty Agreement with A&W Food Services of Canada Inc. (Food Services) the taking of actions to exploit the use of the A&W trade-marks and the development of new A&W restaurants by Food Services, and the collection of the royalty payable under the Licence and Royalty Agreement. Food Services is a leading franchisor of hamburger quick service restaurants in Canada.

2. Summary of significant accounting policies

Basis of financial statements

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The financial statements for the prior period are from February 15, 2002, the date of the acquisition of the A&W trade-marks and the closing of the sale of the Units of the Fund, to December 31, 2002.

Principles of consolidation

The consolidated financial statements include the accounts of the Fund and its 72% (2002 - 75%) owned subsidiary A&W Trade Marks Inc. (the Company). Food Services holds the 28% (2002 - 25%) non-controlling interest in the Company.

Revenue recognition

Revenue comprises royalty income equal to three per cent of sales from specific A&W restaurants in Canada (the royalty pool) and is recognized on an accrual basis.

Intangible assets

Intangible assets, which have an indefinite life, comprise the A&W trade-marks and are recorded at cost. Management reviews the carrying value of the intangible assets at least annually for impairment. Intangible assets are written down when declines in value are considered to be other than temporary based upon forecast future cash flows.

Deferred financing fees

Fees incurred in obtaining debt financing are deferred and amortized on a straight-line basis over the term of the debt.

Future income taxes

Future income taxes are calculated using the liability method of tax accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax liabilities or assets. Future income tax liabilities or assets are calculated using the substantially enacted tax rates anticipated to apply in the periods that the temporary differences are expected to reverse.

Earnings per Unit

The earnings per Unit are based on the weighted average number of Units outstanding during the period. Diluted earnings per Unit are calculated to reflect the dilutive effect, if any, of Food Services exercising its right to exchange its Class A and Class B and common shares of the Company into Units of the Fund at the beginning of the period.

Distributions

The amount of cash to be distributed annually to Unitholders is determined with reference to distributable cash, which is calculated as net earnings adjusted for amortization, future income taxes, and dividends on A&W Trade Marks Inc. shares.

Distributions to Unitholders are intended to be made monthly in arrears based upon distributable cash less cash redemptions of Units, and subject to the Fund retaining such reasonable working capital reserves as may be considered appropriate by the Trustees of the Fund.

Dividends to Food Services comprise dividends on A&W Trade Marks Inc. shares.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Financial instruments

The Fund's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, distributions payable to Unitholders, dividends payable, and term loan. Unless otherwise noted, it is management's opinion that the Fund is not exposed to significant interest or credit risks arising from these financial instruments. Management estimates that the fair values of these financial instruments approximate their carrying values, unless otherwise noted.

3. Intangible assets

On February 15, 2002, the Company acquired the A&W trade-marks used in the A&W quick service restaurant business in Canada for $152,676,000, of which $84,876,000 was paid in cash, $27,800,000 was paid by the issuance of 2,779,975 Class A shares and 2,780,000 common shares of the Company, and the balance of the purchase price (the Balance) of $40,000,000 is due, without interest, on December 31, 2006.

The Balance will be reduced by all amounts the Company is required to pay Food Services in respect of annual adjustments to the royalty pool up to December 31, 2006. If the total annual adjustments are less than the Balance, the obligation of the Fund to pay the remaining balance of the purchase price is extinguished. Accordingly, for accounting purposes, the Balance is being recognized in the periods such adjustments become payable.

Concurrently with the purchase of the A&W trade-marks, the Company granted Food Services a licence to use the A&W trade-marks in Canada for a term of 99 years, for which Food Services pays the Company a royalty of three per cent of the gross sales reported to Food Services by the A&W restaurants in the royalty pool (the Licence and Royalty Agreement).

On January 5, 2003, the number of A&W restaurants for which royalties are paid to the Company was increased by 27 new restaurants less eight restaurants which permanently closed during 2002. The Company paid Food Services $5,505,000, by issuance of 487,624 Class B and common shares, as initial consideration for the estimated royalty stream from the 19 net restaurants added to the royalty pool. 20% of the shares were held in escrow until the 2003 gross sales of the new restaurants were known.

In December 2003, the actual gross sales of the new restaurants were determined and a reduction to the share consideration of $397,000 was made. This resulted in 62,370 of the 97,525 shares held in escrow being issued to Food Services and the remaining shares returned to the Company.

The issuance of the shares comprises the first payment of the Balance of the purchase price on the acquisition of the A&W trade-marks and is recorded as an additional cost of the A&W trade-marks ($5,108,000) (note 8).

The acquisition comprises:

Intangible assets (A&W trade-marks)	
Initial consideration	$ 120,756
2003 adjustment to the royalty pool	5,108
	$ 125,864

4. Distributions

	Year ended December 31, 2003	Period from February 15, 2002 (commencement of operations) to December 31, 2002
Net earnings for the period	$ 7,859	$ 7,063
Add		
Amortization of deferred financing fees	137	120
Future income taxes	820	611
A&W Trade Marks Inc. share dividends	3,485	2,620
Distributable cash	$ 12,301	$ 10,414
Distributable cash available for Trust Units	$ 9,007	$ 7,860
Distributable cash available for dividends	3,294	2,554
	$ 12,301	$ 10,414

2003	Per Trust Unit	Total
Distributions paid (8,340,000 Units)	$ 1.080	$ 9,007
Distribution accrued (8,340,000 Units)	$ 0.090	$ 751

2002	Per Trust Unit	Total
Distributions paid (8,340,000 Units)	$ 0.848	$ 7,075
Distribution accrued (8,340,000 Units)	$ 0.090	$ 751

The distribution declared on December 15, 2003 for $750,600 is payable on January 30, 2004. The Fund is taxed as a mutual fund trust for income tax purposes. Pursuant to the

Declaration of Trust, all of the taxable income earned directly by the Fund in the period is distributable to Unitholders and such distributions are deductible for income tax purposes.

5. Operating bank line of credit

The Company has a demand operating facility of up to $2,000,000 to fund the Company's working capital requirements and for general corporate purposes. The facility bears interest at the bank prime rate plus 0.5% and is repayable on demand. As at December 31, 2003, the full amount of the facility was available. The facility is collateralized as part of the term loan (note 6).

6. Term loan

The Company has a term loan in the amount of $10,000,000. The term loan is repayable on February 14, 2006 and bears interest at a fixed rate of 6.03% by an interest rate swap effective April 5, 2002 and maturing February 14, 2005. A general security agreement over the assets of the Company is provided as security.

7. Income taxes

a) The Fund is not taxable on any income that is distributed to Unitholders. The Company is taxable on its income at Canadian statutory rates.

The provision for income taxes shown in the consolidated statements of earnings differs from the amount obtained by applying statutory tax rates to the earnings before income taxes for the following reasons:

	Year ended December 31, 2003	Period from February 15, 2002 (commencement of operations) to December 31, 2002
Statutory combined federal and provincial income tax rates on investment income	22.62%	22.53%
Provision for income taxes based on statutory income tax rates	$ 2,022	$ 1,783
Income distributed or accrued to Unitholders not subject to tax in the Fund	(2,023)	(1,762)
Large corporations tax	261	250
A&W Trade Marks Inc. share dividends not deductible	788	590
Rate change on future income taxes	33	–
Provision for income taxes	$ 1,081	$ 861

b) Future income taxes comprise the following:

	2003	2002
Long-term assets		
Share issue costs	$ 1,083	$ 1,439
Deferred financing fees	21	9
Non-capital losses	2,190	1,245
	3,294	2,693
Long-term liability		
Intangible assets	(10,978)	(9,557)
	$ (7,684)	$ (6,864)

At December 31, 2003, the Company has non-capital losses available to carry forward of approximately $9,683,000. $5,526,000 of these losses expire in 2009, and $4,157,000 in 2010.

8. A&W Trade Marks Inc. shares

The A&W Trade Marks Inc. shares are owned by Food Services and comprise:

2003	Number of Shares	Amount
Common shares – at cost	3,232,469	$ –
Class A shares - at cost	2,779,975	27,800
Class B shares - at cost (note 3)	452,469	5,108
Accrued dividends on Class A and Class B shares		808
		$ 33,716

2002	Number of Shares	Amount
Common shares – at cost	2,780,000	$ –
Class A shares - at cost	2,779,975	27,800
Class B shares - at cost (note 3)	–	–
Accrued dividends on Class A and Class B shares		338
		$ 28,138

During the year, the Company issued 452,469 Class B and common shares as consideration ($5,108,000) for the royalty stream from the 19 net restaurants added to the royalty pool (note 3).

The Class A and B shares entitle Food Services to a fixed cumulative preferential cash dividend at a rate of $1.075 per share per annum. The Class A and Class B shares may be redeemed at the option of Food Services into A&W Notes of the Company on the basis of $10 principal amount of A&W Notes for one Class A or Class B share and, in turn, one common share of the Company and a $10 A&W Note are exchangeable for a Unit in the Fund. Accordingly, the Class

A and B shares are classified as liabilities of the Fund and the cumulative dividends are classified as interest expense in the consolidated statements of earnings.

9. Trust Units

The Declaration of Trust provides that an unlimited number of Units may be issued. Each Unit is transferable and represents an equal undivided beneficial interest in any distributions of the Fund and in the net assets of the Fund. All Units have equal rights and privileges. Each Unit entitles the holder thereof to participate equally in allocations and distributions and to one vote at all meetings of Unitholders for each whole Unit held. The Units issued are not subject to future calls or assessments.

Units are redeemable at any time at the option of the holder at amounts related to market prices at the time, subject to a maximum of $50,000 in cash redemptions by the Fund in any one month. The limitation may be waived at the discretion of the Trustees of the Fund. Redemption in excess of these amounts, assuming no waiving of the limitation, shall be paid by way of distribution in specie of a pro rata number of securities of the Company held by the Fund.

On February 15, 2002, the Fund issued 8,340,000 Units at $10.00 per Unit pursuant to a public underwriting. Expenses of the offering, net of future income taxes, were charged to Unitholders' equity.

	Units	$
Issue of Trust Units	8,340,000	$ 83,400
Less: Expenses of the offering – net of future income taxes of $1,827,000	–	6,285
	8,340,000	$ 77,115

10. Administration agreement

The Fund has entered into an administration agreement with the Company whereby the Company at its expense will provide or arrange for the provision of services required in the administration of the Fund. In turn, the Company has arranged for certain of these services to be provided by Food Services until 2011.

11. Related party transactions and balances

During the period, royalty income of $13,679,000 (2002 - $11,529,000) was earned from Food Services, of which $1,267,000 (2002 - $1,149,000) is receivable at December 31, 2003. In 2002, an additional balance of $117,000 in accounts receivable was also due from Food Services and relates to the reimbursement of costs associated with the public offering.

Other related party transactions and balances are referred to elsewhere in these consolidated financial statements.

12. Subsequent events

a) 2004 adjustment to the royalty pool

On January 5, 2004, the number of A&W restaurants for which royalties are paid to the Company was increased by 28 new restaurants less 12 restaurants which permanently closed during 2003. The Company paid Food services $5,134,000, by issuance of 488,476 Class B and common shares, as initial consideration for the estimated royalty stream from the 16 net restaurants added to the royalty pool. A final adjustment to the share consideration will be made in December 2004 based upon the 2004 gross sales reported by the new restaurants. 20% of the shares are held in escrow until the 2004 gross sales of the new restaurants are known.

The shares comprise the second payment of the Balance of the purchase price on the acquisition of the A&W trade-marks and will be recorded as an additional cost of the A&W trade-marks (note 3).

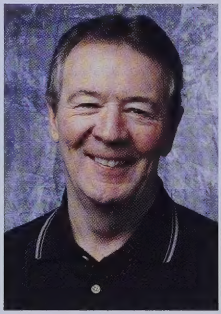
b) Declaration of dividends in respect of 2003

On January 20, 2004, the Company declared a dividend on Class A and Class B shares of $551,000, payable on January 30, 2004. This dividend is in respect of the accrued dividends on Class A and Class B shares at December 31, 2003 (note 8).

Board of Trustees

John McLernon - Chairman and CEO

John McLernon is Chairman of the Colliers Macaulay Nicolls Group of Companies, the largest partner of the Colliers International Commercial Real Estate Services global organization which has 210 offices in 54 countries. John has been active in the real estate industry since 1968. He attended Bishops College School and received his Bachelor of Arts from McGill University. John serves as a Chairman of several other corporations, and also sits on several boards within the theatre and arts community.



Don James - President

Don James is a founder, principal shareholder, Chairman and CEO of Deeley Harley-Davidson Canada, the exclusive Canadian distributor of Harley Davidson motorcycles, motor parts, accessories and motor clothes. Don attended the University of Alberta prior to enrolling at Simon Fraser University. He is a graduate of Harvard University's Owner/Presidents Management Program and has also attended Stanford University. He is Past Chairman of the Young Presidents' Organization. Don was a recipient of the Canadian Business Entrepreneur of the Year for the Pacific Region award in 1995.

Conrad Pinette - Secretary/Treasurer and CFO

Conrad Pinette is the President and Chief Operating Officer of Lignum Limited, one of Canada's largest, privately-held forest products companies. Conrad attended the University of British Columbia where he majored in Forestry, prior to becoming owner, manager and President of a family lumber business until its sale in 1980. As Chairman of Pinetree Developments Ltd., he continues to be responsible for another established family business. He is a director of Finning International and was appointed Chairman of the Board of Finning in 2000. He has also served as a director of a number of public resource companies. He was an active member of the Young Presidents' Organization and is now a member of the World Presidents' Organization.

Unitholder Information

CORPORATE HEAD OFFICE

A&W Trade Marks Inc.
c/o 26th Floor
Toronto-Dominion Bank Tower
700 West Georgia Street
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Canada V7Y 1B3

MAILING ADDRESS

A&W Revenue Royalties
Income Fund
300 - 171 West Esplanade
North Vancouver, BC
Canada V7M 3K9

A & W REVENUE ROYALTIES INCOME FUND BOARD OF TRUSTEES

A & W TRADE MARKS INC. BOARD OF DIRECTORS

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company
of Canada

AUDITORS

PricewaterhouseCoopers LLP

MARKET INFORMATION

Units Listed:

Toronto Stock Exchange

Symbol: **AW.UN**

INVESTOR ENQUIRIES

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A&W Revenue Royalties Income Fund
2003

Annual Report